

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 COME-00 TRSE-00 OMB-01 AID-05

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DRAFTED BY EB/CSB/BP:AHWALLACE:VJW

APPROVED BY EB/CSB/BP:HJWINTER

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: EINV, ETRD, IN

SUBJECT: DRUG INDUSTRY - HATHI REPORT

REF: A) STATE 152818; B) NEW DELHI 09583

1. FOLLOWING JULY 11 MEETING (REF A), WIEN OF WYETH
DISCUSSED THE HATHI REPORT WITH ASSISTANT SECRETARY ENDERS
(EB). WIEN REQUESTED THAT USG DISCUSS THE REPORT AND ITS
IMPLICATIONS FOR US PHARMACEUTICAL FIRMS OPERATING IN
INDIA WITH AN APPROPRIATE GOI OFFICIAL AT MINISTERIAL
LEVEL. WE BELIEVE APPROPRIATE OPPORTUNITY WOULD ARISE,
ASSUMING THE JOINT COMMISSION MEETS HERE THIS FALL.
WE COULD PLACE SUBJECT ON THE AGENDA, EMPHASIZING THE
NEGATIVE EFFECTS WHICH IMPLEMENTATION OF ALL OR PART OF
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THE REPORT WOULD HAVE ON THE CLIMATE FOR US INVESTMENT
IN AND TECHNOLOGY TRANSFER TO INDIA. WE BELIEVE THIS
WOULD BE MORE EFFECTIVE THAN AN EMBASSY APPROACH TO THE
HEALTH AND/OR PETROLEUM AND CHEMICALS MINISTERS. IN ADDI-

TION, PRIOR TO JOINT COMMISSION MEETING, WE PLAN TO DISCUSS MATTER WITH INDIAN EMBASSY HERE. APPRECIATE EMBASSY REACTION.

2. WE DISCUSSED SUBSTANCE OF YOUR VERY USEFUL CABLE ON THE MEETING WITH THE SECRETARY OF PETROLEUM AND CHEMICALS

WITH BERT TAMBLYN, REGIONAL DIRECTOR FOR ASIA OF THE PHARMACEUTICAL MANUFACTURERS ASSOCIATION (PMA) WHO VISITED THE DEPARTMENT JULY 23 TO DISCUSS THE HATHI REPORT. TAMBLYN BELIEVES THAT THE 18 US DRUG FIRMS OPERATING IN INDIA CAN LIVE WITH A FURTHER TIGHTENING OF PRICE CONTROLS, BUT THAT THE SECTIONS OF THE REPORT DEALING WITH EQUITY DILUTION, REDUCTION OF PROFIT MARGINS AND REMITTANCES, AND ABOLITION OF TRADEMARKS WOULD BE UNACCEPTABLE TO ALL. THE PMA IS IN THE PROCESS OF CANVASSING THE FIRMS TO ESTABLISH A STRATEGY WHICH WOULD CONVINCE THE GOI THAT THE REPORT SHOULD NOT BE IMPLEMENTED. TAMBLYN SAID PMA IS CONSIDERING AN APPROACH TO AMBASSADOR KAUL, AND A JOINT REPRESENTATION WITH EUROPEAN PHARMACEUTICAL ASSOCIATIONS, TO MRS. GANDHI. HE ALSO MENTIONED THE POSSIBILITY OF A HIGH-LEVEL DELEGATION LIKE THE ONE DESCRIBED BY WIEN BUT THOUGHT SUCH A DELEGATION MIGHT BE ILL-TIMED GIVEN THE CURRENT INDIAN DOMESTIC SITUATION. TAMBLYN WAS ENTHUSIASTIC ABOUT OUR SUGGESTION THAT THE JOINT COMMISSION WAS A GOOD FORUM IN WHICH TO RAISE THE PROBLEM. HE PROMISED TO PROVIDE DETAILED BACKGROUND MATERIAL ON THE PMA POSITION FOR USE IN FUTURE DISCUSSIONS WITH THE GOI.

3. WE REPEATED THE POINT WHICH PETROLEUM AND CHEMICALS SECRETARY FERNANDES HAD MADE ABOUT THE IMPORTANCE OF EACH FIRM SENDING A REPRESENTATIVE TO INDIA TO DISCUSS SPECIFIC PROBLEMS INDIVIDUALLY WITH THE GOI. TAMBLYN AGREED TO PASS THIS ON TO MEMBER FIRMS. KISSINGER

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